

WASHINGTON, DC (January 6, 2011) – Rep. Jan Schakowsky (D-IL), delivered the following testimony today during a meeting of the House Rules Committee. Schakowsky, along with other Democrats, offered a number of amendments to protect popular consumer protections and to highlight the critical importance of the Affordable Care Act. The Republicans rejected all Democratic amendments.

I am here, representing the Energy and Commerce Committee, and our work to include language providing tools to ensure that health insurance premiums are reasonable and that individual consumers and businesses get value for their premium dollars by ensuring at least 80% of those dollars are actually spent on medical care.

The amendments I am offering along with Representative Tierney and Representatives Sutton and Jackson-Lee are of combined importance – they would not permit insurance companies to spend an unlimited amount of premium dollars on company profits and CEO pay, or unreasonably increase a family's premium without any justification.

These provisions are especially critical for Illinois and 25 other states that currently lack authority to review rates, prevent unjustified rates, or even require that insurance companies disclose the justification for rates. The Affordable Care Act for the first time requires transparency in rates and gives the tools needed to help limit annual health insurance premium increases while reducing health care costs for families and small businesses.

The 111th Congress made history with the passage of the Affordable Care Act.

We recognized, for the first time, that health care is a right.

We recognized that health care costs should not impoverish individual Americans or cause them personal bankruptcies, and should not prevent small businesses from being able to prosper.

The law makes health care affordable for the middle class, provides security for seniors, and guarantees access to health insurance coverage for the uninsured.

The law tells all Americans that:

- Insurance companies cannot drop them when they get sick;
- Children with pre-existing conditions cannot be denied coverage;
- Insurance companies cannot impose devastating annual and lifetime caps; and
- Pregnant women and breast cancer survivors cannot be denied coverage, and that being a woman will no longer be a pre-existing condition.

This repeal effort would take away those and other safeguards that protect all Americans from insurance company abuses. It would take us back to the time when insurance companies held all the cards – when they decided who they wanted to insure, what coverage they would provide and at what price. Giving insurers that power will help them earn enormous profits, but it would be devastating for the rest of America.

The Biology Class at Maine South High School in Park Ridge understands the dangers of keeping the insurance industry in control – as this repeal bill would do. They wrote me, “it isn’t fair that currently the different health insurance companies are charging so much for coverage. The companies also charge more depending on age, gender, history of health, pre-existing conditions, and sometimes they won’t cover you at all.”

All of us have heard from our constituents – families and business owners – asking for our help in preventing rising and unwarranted premium increases.

Adrienne from Wilmette told me that her 63 year old husband Alan has not met the deductible on his Assurance health care policy in the past 3 years. The policy has a \$4,000 deductible, then goes 50/50 until the next \$2500 is met. Last year, Alan paid nearly \$3,500 a quarter – that is almost \$14,000 a year. When he received his renewable notice he learned that his premium would be increased to almost \$4,200 a quarter – and almost \$17,000 a year. There is no excuse for this egregious rate hike.

Carol, who works in the human resources department for a small firm in Chicago, shared with me that they received notice in September that their premiums would increase 18% per employee. She said that she spoke with their insurance broker several times about the increase and was told there was no way around it.

Carmen from Skokie called to tell me that she is a small business owner who had BCBS IL for all of her employees but had to cancel it when the premiums got too expensive.

And John, who stopped me at the train station, to tell me that he received notice from BCBS that his company's premiums would increase by 30 percent.

Insurance companies have increased rates by double-digit percentages over the past several years – one of the reasons why we needed reform in the first place.

These situations are particularly frustrating when there is no justification for increases other than corporate greed. From 2000 to 2008, premiums for families in employer-sponsored plans rose 97% and 90% for individuals. During the same period, private insurers' payments to providers rose only 72%, medical inflation increased 29%, and overall inflation rose 21% -- clearly the increases are based on costs other than medical inflation, wages or general inflation.

Beginning this year, health plans must rebate the difference between minimum medical loss ratios and actual spending on health care. If those standards had been in place in 2009, 6 of the largest for-profit insurers would have been required to refund \$1.9 billion for spending too much on profits, CEO pay, and administration.

The Affordable Care Act forces the insurance industry to report information regarding premiums and expenditures for major medical health insurance plans and requires them to publicly justify the reason for unreasonable premium increases. It gives insurance departments new analytical tools. It improves transparency and provides invaluable information to help educate all of our constituents.

Repealing health care would mean that Illinois, and the rest of the states, would no longer have access to resources to review proposed health insurance premium increases and hold insurance companies accountable for excessive, unjustified or unfairly discriminatory rate increases.